1) Several of the documents talk about project completion schedule and award points based on a less than 6 months, 6-12 months, and more than 12 months window. What are you defining as the date starting the clock? What is the definition being used of completion for stopping the clock?

The HRA is defining the "start of the clock" to be the date of closing/title transfer to the developer from the HRA. It is expected that by the date of closing/title transfer, the developer will have completed a scope of work and have bids in place and ready to pull permits, so that work can begin as soon as the day after closing.

The "stop of the clock" for the RFP response will be the completion of construction, indicated by all "Substantial completion" documents being in place.

Additional time after achieving substantial completion of 3-6 months will be permitted for lease up or sale of the completed property. The additional time will be negotiated with the HRA and part of the agreement signed at the time of closing.

2) Can a developer apply in partnership with a general contractor?

Developers and general contractors that form a legal partnership under the umbrella of an LLC can apply as one entity; in which case the general contractor maximum fee in the homeowner and rental manuals would apply. In other words, non-profit developer Good Homes for All wants to apply for projects in partnership with Better Builders Contracting. In order to do so, Good Homes for All and Better Builders Contracting must form a legal entity that then becomes the applicant (Better Homes LLC).

In the absence of a legal partnership, Good Homes for All would be required to follow the HRA's policies for selecting a general contractor, including following compliance requirements of good faith efforts for Vendor Outreach, applying Section 3 bidding preference, and receiving a minimum of two bids on the project.

3) Does the developer or the builder (general contractor) do the rebate process?

The developer is ultimately responsible for managing the rebate process through its HERS rater or Capitol Region Watershed District. The developer has discretion to request that its general contractor be accountable for filling out paperwork or facilitating the rebate.

4) How much is available for rebates?

The amount varies per project. Developers are welcome to contact Neighborhood Energy Connection or Capitol Region Watershed District for more information.

Generally, a range of \$500 - \$1,500 can be expected for energy rebates.

In addition to a free landscape design, contractor consultation, and installation inspection, a range of \$500-\$1,000 can be expected for CRWD rebates, depending on the amount of stormwater infiltration

agreed to by the Developer. In cases where CRWD identifies either a necessity or a unique opportunity for the installation of other management practice, rebates of up to \$2,000 can be available.

Rehabilitation projects must be certified through Xcel Energy's Home Performance with Energy STAR program. Home Performance requires that the general contractor become a Participating Home Performance Contractor. This process is quick and requires no money. The Neighborhood Energy Connection's Energy Advisor will guide general contractors and developers through this process, and it should be done before the work has started on the property. To become a Home Performance Contractor, contact Danielle Butenhoff at the Neighborhood Energy Connection- danielleb@thenec.org or 651-221-4462 x 136.

http://www.xcelenergy.com/Save Money & Energy/Rebates/Home Performance with ENERGY STAR - MN

For more information about rebates through Energy Star v.3 for new construction project requirements, contact Rick Cobbs at rick@thenec.org

For more information about the Capitol Region Watershed District program, contact Gustavo at

Gustavo Castro Gustavo@capitolregionwd.org

5) Are CDBG lots marked clearly?

On the property list there is an "X" under the "CDBG" column for every address that was touched with CDBG dollars. The property list page is here: http://www.stpaul.gov/index.aspx?NID=5277

6) What happens if there are two comparable properties with two proposals? Who would receive the property?

Property applications will be individually reviewed and scored. The proposal with the highest score will receive the property.

| | Developer A Score | Developer B Score |
|------------|-------------------|-------------------|
| Property Y | 40 | 60 |
| Property X | 50 | 30 |

In this example, Developer A would receive Property X and Developer B would receive Property Y.

7) Are subsidy funds available for the B-list addresses?

Yes, but all of the A-list properties will be prioritized for subsidy first. In the event there are enough funds to address B-list properties or in the event there are requests for B-list properties that don't require subsidy, proposals will be considered.

Any properties that are not sold due to insufficient funds will be re-released through a future RFP process.

8) Is it true that on rental projects the Developer will be expected to pay back the HRA investment after 15 years?

Yes. The HRA expects that the appraised value of projects and the cash flow received over the 15 years of operating projects will be substantial enough to repay the HRA.

9) What if a Developer is awarded a property, but then can't perform? Will the HRA simply go to the next highest scorer?

It's not possible to give a direct answer to this question, as there are many circumstances that would intersect when making a determination, including requirements for redevelopment, stage of the RFP evaluation process, and availability of funding sources. The HRA reserves the right to either award to the 2^{nd} highest scorer or to release the address through a new RFP process on a case-by-case basis.

10) Are historic district guidelines posted somewhere?

The HPC design guidelines are included in the Powerpoint. We will also upload them on our website as a separate link. The link is: http://www.stpaul.gov/DocumentCenter/Home/View/15226

11) What is the expectation for a local hiring plan and where should it be responded to in the RFP?

There is a narrative attachment to the Developer Application (#8f) that discusses a local hiring plan. The HRA's expectation is that the Developer will describe plans to do local hiring/outreach within a given neighborhood. The goal of this particular scoring objective is to incentivize Developers to maximize outreach to residents or businesses located within the cluster area neighborhoods (Frogtown, Dayton's Bluff, and Payne-Phalen).

12) What if a duplex is intended to be owner-occupied?

If a Developer is rehabbing or constructing a duplex and intends one unit to be owner occupied, then the rules of the Homebuyer Manual would apply. When the Developer is income-qualifying the Buyer of the building, the Developer must include the rental income of the 2^{nd} unit as part of the Buyer's income.

For example, if a Buyer is purchasing a duplex with 3 bedroom units for \$200,000 that was financed with NSP funds, then the Buyer's income eligibility is limited to 120% of area median income; fair market rents in the area are \$1,100 a month for a 3 bedroom unit. Jane's lender assumes that 30% of the rent covers expenses and that 70% of the rent is an adjusted annual rent income to Jane. Jane Doe earns a gross annual income of \$40,000/year and is a household of one.

When considering Jane Doe's income, the Developer must include the Jane's wages of \$40,000/year <u>plus</u> the adjusted annual rent income of \$9,240/year, bringing the total to \$49,240. The current income limit for a household of one at 120% AMI is \$69,150; as a result Jane Doe would be eligible to purchase the home.

13) What if the Developer has access to other sources for Value Gap subsidy?

Wonderful! Any additional sources that the Developer can offer to a project should be outlined on Attachments E (Homebuyer Sources and Uses) and F (Rental Sources and Uses). Documentation of sources available must also be submitted as part of the RFP response (see question 14 below).

14) What is acceptable documentation of sources?

The HRA expects that it will only be providing the value gap (as defined by the Homebuyer and Rental manuals) on projects. As a result, Developers are responsible for providing the remaining interim or permanent funds for a given address. As part of qualifying Developers, the HRA expects to receive third-party verification that sources projected can be obtained. Acceptable documentation can include: letters from banks or other creditors indicating the potential to obtain credit, personal financial statements or bank statements showing available cash, or firm commitments from other funders. The HRA reserves the right to ask for additional documentation or verification of sources as needed.

15) My understanding is there are only 2 Energy STAR v. 3 contractors that are licensed to do work in Saint Paul. How can developers be expected to meet this standard with such a limited pool of contractors?

The Neighborhood Energy Connection has been working to certify additional contractors. There are currently 6-7 contractors that are both Energy STAR v. 3 certified. The list of qualified contractors is on the QA Contractors website by State:

http://qacontractors.org/new-homes/contractors/

The NEC does not have information about whether the contractors are also licensed to work in Saint Paul. If they are not, the licensing process for St. Paul HVAC technicians is described on the Department of Safety and Inspections website:

http://www.stpaul.gov/index.aspx?NID=782

If your development team has an HVAC contractor it works with regularly, that HVAC contractor can get certified through the Energy STAR v. 3 program. Upcoming trainings are published on this website:

On-line training is available through this website:

http://qacontractors.org/new-homes/

And in person training is available through this website:

http://www.advancedenergy.org/qap/participating contractors.php

16) What is the order of liens?

HRA funding will be subordinate to private financing, typically in second position.

17) Why is the certification through Enterprise Green Communities instead of Minnesota Green Communities?

Enterprise is a national certification standard. The Minnesota Green Communities has negotiated an overlay that allows for exemptions in the State of Minnesota, and is not actually the entity that does certification. In the HRA's experience, it was possible to certify through Enterprise Green Communities without the Minnesota Overlay exemptions. For simplicity, the HRA decided to follow the national standard.

18) Does the method for Enterprise Green Communities certification need to be submitted as part of the RFP response?

No, but Developers are encouraged to closely examine the EGC requirements and be clear about the method of certification it intends to utilize. Some requirements include product requirements that can affect cost of construction and should be appropriately accounted for.

19) Is there a maximum amount of soft costs allowed?

There is not an overall cap on soft costs. However, there are caps on some soft cost line items that are discussed in the Inspiring Communities Homebuyer Manual and Rental Manual (for example, there is a cap on realtor fees of 6% of the home sale price). Through the RFP points are allocated to Developers that keep the ratio of soft costs to total development costs low.

20) What is included in soft costs?

All of the items listed on the Attachment E: For Sale S+U and Attachment F: Rental S+U workbooks under the heading "soft costs" are considered soft costs. They include things such as Design, Construction Management, Environmental Tests, Holding Costs, Marketing fees, Legal Fees, and Appraisal fees. The Developer fee is <u>not</u> included as part of the "total soft costs" that will be the measure used in the RFP for scoring.

21) What if my proposal doesn't require any subsidy from the HRA?

All proposals submitted through the Inspiring Communities Program RFP must comply with the program's guidelines even if no subsidy dollars are requested, including all HR/EEO reporting, design requirements, and program manual guidelines.

If a Developer can achieve all program guidelines without subsidy from the HRA, then the "tool" for ensuring compliance will be a limited warranty deed signed at closing by the Developer that reconveys the property to the HRA, which will be held in escrow by the HRA. In the event the Developer does not comply with the terms of the HRA's sales agreement, the HRA would reserve the right to record the limited warranty deed and take title to the property back. If the Developer fully complies with the sales agreement, then the limited warranty deed is returned to the Developer and title remains with the Developer.

22) Will my RFP application be private?

Because the HRA is a government entity it must comply with Minnesota Statute 13.591

Once proposals are received and the deadline for receiving them has passed, the name of the respondent for each address becomes public. Once contracts through the RFP process are signed for a given address, all proposals for that address become public information with the exception of trade secrets. The respondent will need to demonstrate that a particular portion/element of the proposal is proprietary in order for it to be considered a trade secret (see the quote from Minnesota Statute 13.37(b) below).

If subsidy dollars are exhausted, resulting in an inability to select proposals for some addresses, the information submitted by Respondents for the addresses that are not funded will remain private or nonpublic until a resolicitation of the RFP results in completion of the evaluation process. If a resolicitation of proposals does not occur within one year of the proposal opening date, the remaining data becomes public.

"13.37 (b) "Trade secret information" means government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use."